

Minneapolis Community Development Agency

Request for City Council Action

Date: May 6, 2002

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee

Prepared by Donna Wiemann, Senior Project Coordinator, Phone 612-673-5257

Approved by Chuck Lutz, MCDA Interim Executive Director _____

Subject: Reallocation of CDBG Housing Funds

Previous Directives: CDBG funding allocations were approved during the regular budget cycles.

Ward: Citywide

Neighborhood Group Notification: Not applicable.

Consistency with *Building a City That Works*: Goal 2, Objective A, to expand the number of affordable housing units.

Comprehensive Plan Compliance: Not applicable.

Zoning Code Compliance: Not applicable.

Impact on MCDA Budget: (Check those that apply)

- ☒ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

Living Wage / Business Subsidy: Not applicable.

Job Linkage: Not applicable.

Affirmative Action Compliance: All projects will be in compliance.

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RECOMMENDATION:

1. Authorize the reallocation of \$500,000 of Rehab Support Program (Report Category 2207) funds to the Multifamily Rental and Cooperative Program (Report Category 2209), and

2. Authorize the reallocation of \$200,000 of Rehab Support Program (Report Category 2207) funds to the Vacant Housing Recycling Program (Report Category 2208).

Background/Supporting Information

The Multifamily Rental and Cooperative program has a critical need for additional funding for production and stabilization of affordable rental housing. The MCDA received 29 multi-family development and stabilization proposals in response to the 2002 Multifamily Program Request for Proposals. The total funding amount requested is approximately \$16,244,000. The upcoming CDBG Year 28 funding and the 2002 HOME Program funding will provide approximately \$5,000,000 in the Multi-Family Rental Program budget for new production projects and stabilization activities.

An existing CDBG program, the Rehab Support Program, has an unspent fund balance of approximately \$650,000 plus forthcoming CDBG Year 28 funding of \$390,000. The Rehab Support Program for developers has not been active for some time due to the complexity of CDBG lead paint requirements. MHFA funds are used to operate the Rehab Support Program for homeowners.

Staff proposes that approximately \$500,000 from the Rehab Support Program (report category 2207) be reallocated to meet the current needs of the Multifamily Rental and Cooperative program (report category 2209). Multifamily project proposals using these funds will be forwarded to the MCDA Board of Commissioners for consideration and action. Staff recommends that an additional \$200,000 of the unspent Rehab Support Program funds be reallocated to the Vacant Housing Recycling Program (VHRP). This program has absorbed extraordinary site assembly costs for several large development projects such as the Lofts on Arts Avenue, Village in Phillips, and the 29th and Bloomington project and this has resulted in a shortfall for other VHRP activities.